

Message Text

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43

ACTION NEA-10

INFO OCT-01 ISO-00 STR-04 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 AGR-05 INT-05 FEAE-00 DOTE-00 DODE-00 PA-01

PRS-01 FBO-02 A-01 /093 W
----- 074113

R 101038Z NOV 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 2841

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMEMBASSY DAMASCUS

AMEMBASSY DHAHRAN

AMEMBASSY DOHA

AMCONSUL MADRAS

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY KUWAIT

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: BEXP, USINJC, US, IN, SA

SUBJECT: U.S.-INDIAN COMMERCIAL COOPERATION IN THIRD COUNTRIES

REFS: A. JIDDA 7348 B. STATE 258967

SUMMARY:

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1. COMATT MET WITH INDIAN COMMERCIAL SECRETARY K. MAHADEVAN,

TO DISCUSS SUBJECT AS INSTRUCTED. IT WAS AGREED THAT SOME COOPERATION COULD BE ACHIEVED BY EXCHANGE OF INFORMATION AND PROJECT LISTINGS. HOWEVER, THE SPECIFIC MODALITIES OF COOPERATION WOULD HAVE TO BE EXAMINED AT LENGTH IN VIEW OF LOCAL PREFERENCES AND MUTUALITY OF BENEFITS. USE OF U.S. PL 480 FUNDS IN INDIA WAS RAISED AND CONSIDERED. END SUMMARY.

2. WE BROACHED TO THE COMMERCIAL SECRETARY THAT IT WAS OF INTEREST TO US TO EXAMINE COOPERATION AS SUGGESTED BY HIS EMBASSY IN WASHINGTON TO THE DEPARTMENT. HE REPLIED THAT THE INDIAN EMBASSY IN JIDDA HAD GOTTEN THE WORD AND HOPED THAT SOMETHING COULD BE WORKED OUT IN RESPECT TO PARTICIPATING IN THE GIANT PROJECTS ENVISAGED BY THE SAG FIVE YEAR PLAN. HE BELIEVED THAT MOST OF THE LARGER PROJECTS WOULD GO TO U.S. FIRMS AND HOPED THAT INDIAN FIRMS COULD COME IN AS SUBCONTRACTORS. HE STATED THAT INDIA HAS A GOOD RESERVE OF TECHNICIANS AND ENGINEERS IN ALL FIELDS WHICH COULD BE USED BY AMERICAN FIRMS, AND POINTED OUT THAT BECHTEL CORPORATION WAS DOING THIS NOW. HE REQUESTED THE IDENTITIES OF ALL U.S. FIRMS HOLDING PROJECT CONTRACTS FOR SAUDI ARABIA. NO COMPREHENSIVE LIST IS NOW AVAILABLE.

3. WE REJOINED THAT MANY LARGE CONTRACTS WERE NOT GOING TO U.S. FIRMS, NAMELY, JIDDA AIRPORT TO HOCHTIEF; PETRO-CHEMICAL PROJECTS TO ITOH AND MITSUBISHI; AND OTHERS. HOWEVER, WE WERE INTERESTED IN GETTING A FAIR SHARE OF THE PROJECTS AND WERE ENCOURAGING OUR FIRMS TO MAKE SPECIFIC PROPOSALS. WE STATED THAT ONE OF THE MAJOR DIFFICULTIES IN IMPLEMENTATION WAS EXPECTED TO BE THE SHORTAGE OF SKILLED TECHNICIANS AND ADMINISTRATORS ABLE TO ADJUST TO THE CLIMATE, ETC. MR. MAHADEVAN STATED THAT INDIA HAD A SURFEIT OF ENGINEERS AND TECHNICIANS WHICH COULD BE RECRUITED EASILY FOR PROJECTS WON BY U.S. FIRMS. HE DIDN'T SAY HOW.

4. COMATT ASKED MAHADEVAN'S OPINION ON WHETHER PL 480 FUNDS BUILT UP IN INDIA BY THE U.S. AT EMBARRASSING AMOUNTS COULD BE USED TO PAY INDIAN WORKERS OR SUBCONTRACTORS, EITHER IN WHOLE OR IN PART. MAHADEVAN STATED THAT HIS GOVERNMENT WOULD HAVE TO CONSIDER THIS POINT, BUT OPINED THAT THERE WAS A POSSIBILITY THAT A CERTAIN PERCENTAGE OF LIMITED OFFICIAL USE

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PAYMENTS TO INDIANS COULD BE PAID FROM THESE FUNDS SO LONG AS THEY WERE FOR EXPENDITURE IN INDIA.

5. ASKED WHY THE SAG APPEARED TO HOLD INDIAN BIDDERS IN LOW ESTEEM, MAHADEVAN STATED THAT THIS WAS ALL PSYCHOLOGICAL. HE STATED THAT THE INDIAN AUTOMOBILE TATA WAS EXACTLY LIKE THE MERCEDES AND HALF THE PRICE, BUT ALL INDIAN ATTEMPTS TO MARKET THE CAR IN ARABIA HAD FAILED.

HOWEVER, INDIAN FIRMS HAD BUILT GAS CONVERSION PLANTS AND FERTILIZER PLANTS IN OTHER AREAS. ALSO HE PROPOSED THAT INDIA WAS THE NATURAL SOURCE OF SUPPLY FOR IRON ORE FOR THE PROJECTED PETROMIN-MARCONA STEEL MILL AND WAS PREPARED TO MARKET SLURRY ORE.

6. WE PROVIDED INDIAN COMMERCIAL OFFICER WITH LIST OF U.S. FIRMS WITH OFFICES IN SAUDI ARABIA, A SHORT LISTING OF LOCAL PROJECTS IN WHICH U.S. FIRMS WERE INTERESTED, AND OFFERED TO MEET REGULARLY TO COOPERATE WHERE POSSIBLE. THE INDIAN EMBASSY WILL PRESUMABLY REPORT TO NEW DELHI WITH SPECIAL INQUIRY RELATIVE TO USE OF THE U.S. RUPEE HOLDINGS IN INDIA.

7. AS IN REFTEL A WE HAVE RESERVATIONS ABOUT HOW MUCH INDIANS ARE PREPARED TO DO ON THEIR OWN. COMMERCIAL WORKLOAD HERE WILL NOW ALLOW EXTRA EFFORT TO ASSIST ANY FOREIGN FIRMS OR OTHER EMBASSIES. WE SEE NO POSSIBILITY IN GOING BEYOND PRESENT COMMITMENT UNLESS THERE CAN BE PROVEN MUTUALITY OF BENEFIT.
AKINS

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